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Message Text

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ACTION AF-08

INFO OCT-01 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01
CIAE-00 COME-00 DODE-00 EB-08 FPC-01 H-01 INR-07
INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06
OES-06 SP-02 SS-15 STR-04 TRSE-00 ACDA-07 PA-01
PRS-01 IGA-02 FRB-03 XMB-02 OPIC-03 LAB-04 SIL-01
/113 W
----------290217Z 011636 /63
R 281616Z MAR 77
FM AMEMBASSY MONROVIA
TO SECSTATE WASHDC 4128

C O N F I D E N T I A L MONROVIA 2098

E.O. 11652 N/A
TAGS: EINV, ENRG, LI
SUBJECT: SITUATION AT LIBERIA REFINING COMPANY (LRC)

REF: MONROVIA 753

1. IN CONVERSATION WITH LRC GENERAL MANAGER JOHN EPPARD, E/C COUNSELOR
LEARNED THAT SITUATION AT LRC IS CONTINUING TO DETERIORATE. AFTER SUBMITTING DOCUMENTS REQUESTED BY GOL IN REFTEL IN FEBRUARY, LRC HAD HEARD NOTHING UNTIL DEPURY MINISTER OF FINANCE PADMORE INFORMED EPPARD LAST WEEK THAT GOL WAS PREPARED TO NEGOTIATE STARTING WEEK OF MARCH 28. LRC VP GLAZIER INFORMED EPPARD THAT HE WOULD NOT BE ABLE TO COME TO MONROVIA FOR AT LEAST TWO WEEKS BECAUSE OF PREVIOUS COMMITMENTS.

2. EPPARD SAID THAT THERE ARE STILL TWO L/C'S OUTSTANDING FOR TOTAL SUM OF $4.7 MILLION ISSUED UNDER SUN'S "COMFORT LETTER." THEY ARE SCHEDULED TO BE PAID IN EARLY APRIL. EPPARD THOUGHT THAT SUN COULD THEREAFTER NEGOTIATE SALE OF ITS EQUITY IN LRC. EPPARD SAID THAT ALTHOUGH SUN HOLDS $10 MILLION IN LRC NOTES, SUN WOULD BE HAPPY TO GET $7.5 MILLION FROM GOL. FAILING THAT, SUN WOULD FEEL FREE TO
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PRESS FOR U.S. TAX COURT RULING THAT GOL ACTIONS WITH REFERENCE TO LRC HAVE BEEN TANTAMOUNT TO ECONOMIC EXPROPRIATION.

3. GOL HAS STILL NOT TAKEN ANY ACTION TO RAISE PRICES OF REFINED PETROLEUM PRODUCTS. ACCORDING TO EPPARD LRC IS LOSING ON AVERAGE OF FOUR CENTS ON EACH GALLON OF PRODUCT SOLD. HE ESTIMATED BY END OF APRIL LRC WOULD HAVE ZERO CASH

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FLOW. MEANWHILE SUPPLY OF PETROLEUM PRODUCTS HAS BECOME ERRATIC. PROMISED DELIVERIES OF PRODUCTS HAVE BEEN DELAYED. EPPARD ATTRIBUTES THIS TO RELIANCE OF COMMERCE MINISTRY ON OFFERS FROM SMALL TRADERS WHO OFFER LOWER PRICES BUT CANNOT MEET PROMISED DELIVERY DATES FOR CONTRACTED PRODUCTS.

4. EPPARD SAID THAT HE HAD HEARD THAT GOL HAD SIGNED MANAGEMENT CONTRACT FOR REFINERY WITH BRITISH PETROLEUM ON FEE PLUS EXPENSE BASIS. LOCAL BP MANAGER STATES THAT HE IS URGING GOL CONCLUDE NEGOTIATIONS WITH SUN AS SOON AS POSSIBLE BECAUSE OF DETERIORATING REFINERY SITUATION. EPPARD THINKS IT MIGHT BE MAY 1 BEFORE BP CAN TAKE OVER. HE HAS HAD NO INDICATION THAT GOL WILL SELL PART OF SUN'S HOLDINGS TO POL MARKETERS IN LIBERIA.
CARTER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: NEGOTIATIONS, REFINERIES
Control Number: n/a
Copy: SINGLE
Sent Date: 28-Mar-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Executive Order: GS
Errors: N/A
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Legacy Key: link1977/newtext/t19770316/aaaaanjj.tel
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Litigation History:
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Review Action: RELEASED, APPROVED
Review Content Flags:
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Review Exemptions: n/a
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Review Release Date: n/a
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SAS ID: 2977900
Secure: OPEN
Status: NATIVE
Subject: SITUATION AT LIBERIA REFINING COMPANY (LRC)
TAGS: EINV, ENRG, BDIS, LI, LIBERIA REFINING CO, SUN OIL CORP
To: STATE
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/bf6ea1b0-c288-dd11-92da-001cc4696bcc
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